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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
EL SALVADOR

IPF:(1992-1996) $5 396 700
(ELS/93/011) - Agricultural Sector Reform and Investment Programme

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Date of approval by the AC:[1]	25 August 1993
Expected duration:	Two years
Proposed executing agency:	Government
Government implementing agency:	Ministry of Agriculture (MAG)
Proposed UNDP contribution:	$17 835 000 Source of funds: IBRD
Total UNDP budget:	$17 835 000

Project background

In January 1992 the Government and the FMLN guerilla movement signed a Peace Agreement that put an end to a decade of war. To facilitate the transition from a war economy to a revitalized and competitive economy, Salvadorans have adopted a two-pronged strategy. Economy recovery to be achieved through the Structural Adjustment Programme inaugurated Peace and stability towards which the Government and the guerilla have agreed to a National Reconstruction Plan (NRP) which focusses on implementing the programmes mandated by the Peace Agreement, particularly with respect to the strengthening of democratic institutions and the re-integration in socio-economic life of the demobilized and the populations most affected by the conflict.

The agricultural sector has been and still is of greatest importance to El Salvador, in terms of its contribution to GDP (25 percent employment generation and foreign exchange income. It was the most affected sector by the conflict, resulting in decreasing levels of production at an average rate of 1.8 percent per year. Meanwhile, the agricultural public sector has experienced a reduction of 81 percent of its expenditure in real terms such that 91 percent of its expenditures have been destined towards wages. The above resulted in a deterioration of the already low capacity of the main institutions responsible for agricultural and forestry research and for extension services to small agricultural producers. Efforts to overcome this situation are now even more important due to the arrival in the agricultural sector of demobilized and displaced populations. Moreover, social differentiation, limited income distribution and massive rural poverty are among the principal roots of the conflict and need to be resolved in order to ensure the success of the peace process.

The national strategy for reactivation of the agricultural sector includes increased production and productivity, the establishment of market prices for agricultural products, the consolidation of the Agrarian Reform, the conservation and rational exploitation of natural resources, food security, and the reform and institutional development of its principal institutions. To this end, in 1991 the Government requested the assistance of the World Bank and the UNDP (project ELS/91/009), to formulate a major agricultural sector reform and investment programme. A recently approved (US)$40 million World Bank loan will

[1] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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allow the Government to implement the above-cited Programme. UNDP assistance was therefore requested for certain components of this programme, for which this project has been designed.

Description of project

The two major components of the project are as follows: (I) Reform and institutional development of MAG and CENTA. The project will support:(i) the management of MAG's institutional planning and strategy for reform and development, including: changing its legal framework as required by the creation of CENTA as an autonomous agency; creating a new system of legal advisory services, administrative procedures and systems; formulating operating manuals for MAG and studies on how to modernize and develop the agricultural sector; (ii) the rationalization and development of MAG and CENTA's human resources by upgrading personnel policies through improving the staff skills and knowledge through intensive training in areas such as planning, management, evaluation, strategies, finance, etc; and privatizing the support services of MAG; and (iii) the establishment of management information systems and procedures for MAG, to improve decision making and progress monitoring by a commercial information system to provide information and statistics on the agricultural sector. (II) Agricultural Research and Extension. This will increase the productivity of basic grains (corn, beans, rice and sorghum) by 10 percent and livestock by 5 percent. It will also develop at least five varieties of fruits and vegetables with genetic potential and two varieties of agroindustrial crops. At the same time, adequate technologies for the conservation of the natural resources base will be generated. To this end, the project will support: (i) the integration of plant and animal research; (ii) the reorganization of research along commodity lines; (iii) the strengthening of research planning and priority-setting mechanisms, for which at least 267 research and on-farm trials will be carried out; (iv) the execution of on-farm adaptive trials in conjunction with the extension service; (v) training for research and extension staff in soil conservation, management research and extension,m natural resources, industrial crops, etc.; (vi) the strengthening of the linkages between research and extension; (vii) pilot training in sustainable and appropriate technology in animal and plant crops, of approximately 192,000 small and medium size agricultural producers, of which at least 10 percent will be women; (vii) the training of NGO's and other organizations working in agricultural research and extension for small and medium size farmers; (ix) the consolidation of the Extension Oriented to Objectives methodology (EDO) in the 76 CENTA's Extension Agencies; (x) the redefinition of CENTA's staff in accordance to its new functions, a mix of approximately 73 percent of technical staff and 27 percent administrative and support staff; (xi) the establishment of four new development research centers (CDT's) with research and extension programmes in operation; and (xii) the rehabilitation and equipment of CENTA's physical installations.

Inputs

UNDP will provide international and national advisory and consulting services in policies and planning, personnel policies and management, management information systems, administrative procedures, agricultural legislation, microenterprises, plant and animal research and extension, research and extension planning, etc.; fellowships workshops and seminars; subcontracts to implement the extension methodology "oriented to objectives" (EDO), and to train CENTA's researchers; laboratory and office equipment, vehicles, motorcycles, computer equipment and miscellaneous costs.

Financial data

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Personnel	1 427 100
Subcontract	8 233 600
Training	2 399 700
Equipment	4 754 600
Miscellaneous	1 020 000
Total	17 835 000

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